



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH  
550 S. VERMONT AVE., LOS ANGELES, CA 90020 [HTTP://DMH.LACOUNTY.GOV](http://DMH.LACOUNTY.GOV)



MARVIN J. SOUTHARD, D.S.W.  
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May 19, 2015

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL TO INCREASE THE COUNTYWIDE MAXIMUM ALLOWANCES FOR THE  
SPECIALTY MENTAL HEALTH SERVICES PROVIDED BY LEGAL ENTITY CONTRACTORS  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval to increase the Countywide Maximum Allowances for specialty mental health services delivered by Department of Mental Health Legal Entity contractors based on the Home Health Agency Market Basket Index.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve and instruct the Director of Mental Health (Director), or his designee, to increase Countywide Maximum Allowances (CMA) for specialty mental health services provided by the Department of Mental Health (DMH) Legal Entity (LE) contractors by 2.5 percent as shown on the attachment. The increased CMA will be effective upon your Board approval.
2. Delegate authority to the Director, or his designee, to annually review the CMA and when appropriate, make adjustments given that: 1) each CMA increase will be consistent with the federal Home Health Agency Market Basket Index (HHAMBI); 2) such CMA increase, in and of itself, will not result in an increase in the LE agreements' maximum contract amounts; 3) such CMA increase, in and of itself, will not have an impact on net County cost; 4) any CMA increase will be subject to prior review and approval by Chief Executive Officer (CEO) and Auditor-Controller; and 5) DMH will notify your Board at least 10 days in advance of any CMA increase.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Board approval of the recommended actions will allow DMH to increase the CMA for specialty mental health services provided by the DMH LE contractors. The requested increase is the maximum allowable rate payable to LE contractors for each type of the specialty mental health services as shown on the attached summary.

The increase in CMA does not automatically guarantee the LE contractors an increase in their current provisional rates. Per DMH policy, Provisional Rate Setting, the LE contractors are required to request a rate increase in writing for DMH management to consider. DMH reviews each request to ensure that the LE's requested rates closely approximate their actual cost and are limited to the CMA.

In order to compute the revised CMA rates in the attachment, DMH has applied the same methodology that the State had used to adjust the Statewide Maximum Allowances (SMA) prior to the elimination of the SMA in July 2012 (i.e., use the Market Basket published by Centers for Medicare and Medicaid Services (CMS) to update payments and cost limit).

## **Implementation of Strategic Plan Goals**

The recommended actions support the County's Strategic Plan Goal 3, Integrated Services Delivery.

## **FISCAL IMPACT/FINANCING**

There is no fiscal impact associated with these actions. The LE agreements' maximum contract amounts will not change as a result of the CMA increases.

There is no net County cost impact associated with the recommended actions.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

DMH initially obtained your Board's approval to implement the CMA via a Board letter adopted on July 7, 2012. In this Board letter, DMH asked and was granted authority to establish the CMA in the absence of SMA that were eliminated pursuant to the passage of Assembly Bill 1297 (AB 1297) effective July 1, 2012.

As a result of AB 1297, the State left the establishment of maximum allowances for specialty mental health services at the discretion of each Mental Health Plan. Consequently, DMH obtained your Board's approval to establish the CMA starting in Fiscal Year 2012-13 to prevent LE providers from overbilling and to control local match availability.

DMH is also asking your Board to delegate authority to the Director, or designee, to annually review CMA and only when appropriate and necessary, to adjust CMA based on HHAMBI.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions are intended to allow LE contractors to sustainably maintain operations

and limit undue fiscal strain caused by the increasing cost of service provision. However, for LE agreements where the service rate increases without a corresponding increase to the MCA, the result would be fewer units of mental health services. DMH will work with LE providers to minimize impact on the number of clients to be served and will monitor level of service delivery should these recommended actions be approved.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mg Southard". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

MARVIN J. SOUTHARD, D.S.W.

Director of Mental Health

MJS:DM:KN:MK:sk

Enclosures

- c: Acting Executive Office, Board of Supervisors
- Interim Chief Executive Officer
- County Counsel
- Auditor-Controller
- Chairperson, Mental Health Commission

**LOS ANGELES COUNTY - DEPARTMENT OF MENTAL HEALTH  
SPECIALTY MENTAL HEALTH SERVICES  
MAXIMUM REIMBURSEMENT RATES  
FISCAL YEAR 2014-15**

SERVICE FUNCTION	MODE OF SERVICE CODE		SERVICE FUNCTION CODE	TIME BASE	PROPOSED COUNTY MAXIMUM ALLOWANCE
	CR/DC Code	SD/MC Claiming Code			
<b>A. 24-HOUR SERVICES</b>	<b>05</b>	<b>07, 08, 09</b> <b>07, 08, 09</b>	10-18	Client Day	\$1,275.19
Hospital Inpatient Hospital Administrative Day			19	Client Day	\$430.21
Psychiatric Health Facility (PHF)		<b>05</b>	20-29	Client Day	\$643.47
Adult Crisis Residential		<b>05</b>	40-49	Client Day	\$362.86
Adult Residential		<b>05</b>	65-79	Client Day	\$176.99
<b>B. DAY SERVICES</b>	<b>10</b>	<b>12, 18</b>			
Crisis Stabilization			20-24	Client Hour	\$104.17
Emergency Room			25-29	Client Hour	\$104.17
Urgent Care					
Day Treatment Intensive					
Half Day			81-84	Client 1/2 Day	\$158.81
Full Day			85-89	Client Full Day	\$223.05
Day Rehabilitation					
Half Day			91-94	Client 1/2 Day	\$92.65
Full Day			95-99	Client Full Day	\$144.61
<b>C. OUTPATIENT SERVICES</b>	<b>15</b>	<b>12, 18</b>			
Case Management, Brokerage			01-09	Staff Minute	\$2.22
Mental Health Services			10-19	Staff Minute	\$2.88
			30-59	Staff Minute	\$2.88
Medication Support			60-69	Staff Minute	\$5.31
Crisis Intervention			70-79	Staff Minute	\$4.27